

## Message Text

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SUBJECT: EC COMMISSION PROPOSES RESEARCH INSTITUTE

REF: A) EC BRUSSELS 1459 B) EC BRUSSELS 789

1. BEGIN SUMMARY: THE COMMISSION HAS PROPOSED THE ESTABLISHMENT OF AN INDEPENDENT EC RESEARCH INSTITUTE. THE MEMBER STATES ARE NOT EXPECTED TO ACT ON THIS PROPOSAL IN THE FORESEEABLE FUTURE. END SUMMARY.

2. THE EC COMMISSION SENT A PROPOSAL TO THE COUNCIL ON OCTOBER 13 TO ESTABLISH AN EC INSTITUTE FOR ECONOMIC ANALYSIS AND RESEARCH. THE INSTITUTE WOULD CONCENTRATE ON RESEARCH SUBJECTS RELATING TO EUROPEAN INTEGRATION. IN ORDER THAT IT COULD WORK INDEPENDENTLY IT WOULD HAVE ITS OWN LEGAL PERSONALITY WITH A MANAGEMENT BOARD COMPOSED OF REPRESENTATIVES FROM THE MEMBER STATES. COMMUNITY INSTITUTIONS SUCH AS THE COUNCIL, COMMISSION AND PARLIAMENT WOULD SUBMIT TO THE INSTITUTE EACH YEAR A SUGGESTED WORK PROGRAM. FOR EXAMPLE, IT MIGHT ANALYZE THE NEED TO REORGANIZE INDUSTRY IN LIGHT OF THE NEW RELATIVE PRICES FOR FUELS AND RAW MATERIALS OR STUDY THE EC LONG-TERM GROWTH PROSPECTS.

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3. THE COMMISSION BELIEVES THERE ARE THREE MAIN REASONS

FOR ESTABLISHING SUCH AN INSTITUTE. FIRST, NEITHER THE COMMISSION NOR THE MEMBER STATES ARE ABLE TO CARRY OUT ADEQUATELY RESEARCH PROJECTS BECAUSE OF DAY-TO-DAY OPERATIONAL PRESSURES. SECONDLY, IF NATIONAL AGENCIES ARE ASKED TO CARRY OUT STUDIES, THEY ARE LIKELY TO BE INFLUENCED BY HABITS OF THOUGHT SPECIFIC TO EACH COUNTRY. THIS WOULD DETRACT FROM THE OBJECTIVITY AND INDEPENDENCE OF THE WORK. THIRDLY, THE COMMUNITY WOULD BE FORCED TO CHOOSE AMONG THE EXISTING NATIONAL INSTITUTES AND TO ASK SOME SPECIFIC GROUPS TO TAKE CHARGE OF PROJECTS. THIS WOULD GIVE A FEW INSTITUTES BROADER "EUROPEAN" RESPONSIBILITIES WHICH WOULD BE RESENTED BY THE OTHERS.

4. THE INSTITUTE WOULD HAVE ITS OWN STAFF COMPOSED OF ABOUT 20 RESEARCHERS. IT COULD ALSO DRAW ON EXISTING RESEARCH INSTITUTES IN A NUMBER OF MEMBER STATES. THE INSTITUTE WOULD BE AUTHORIZED TO UNDERTAKE JOINT PROJECTS WITH OTHER GROUPS. THE COMMISSION EXPECTS THIS AGREEMENT TO HELP DIRECT THE WORK OF PRIVATE GROUPS TOWARDS EUROPEAN PROBLEMS. THE INSTITUTE COULD ALSO CONTRACT INDIVIDUAL RESEARCHERS FOR SPECIFIC PROJECTS. THE COMMISSION, THUS, WANTS TO GIVE THE INSTITUTE SUFFICIENT FLEXIBILITY IN ORGANIZING ITS RESEARCH ACTIVITIES SO THAT IT CAN FULLY USE THE RESEARCH RESOURCES AVAILABLE IN THE COMMUNITY.

5. THE INSTITUTE WOULD BE FINANCED MAINLY FROM THE EC BUDGET. THE PROPOSAL CONTAINS NO COST ESTIMATES BUT PRIVATELY COMMISSION OFFICIALS ESTIMATE IT WOULD COST ABOUT \$1-1.5 MILLION TO OPERATE ANNUALLY FOR ITS FIRST SEVERAL YEARS. ONCE IT IS FULLY OPERATIONAL, YEARLY COSTS MIGHT REACH \$4 MILLION. THE INSTITUTE WOULD ALSO SELL SOME OF ITS REPORTS WHICH WOULD GENERATE SOME INCOME.

6. A NUMBER OF UNIVERSITIES HAVE BEEN TRYING TO HAVE THE INSTITUTE LOCATED NEARBY THEIR CAMPUSES. THE COMMISSION DECIDED TO DUCK THIS POLITICAL PROBLEM BY ASKING THE COUNCIL TO SETTLE ON ITS SITE. COMMISSION OFFICIALS BELIEVE, HOWEVER, THAT IT SHOULD BE NEAR A

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PROMINENT, ACCESSIBLE UNIVERSITY IS NEAR A METROPOLITAN AREA. SITES NEAR UNIVERSITIES IN BELGIUM, THE FRG AND ITALY HAVE BEEN GIVEN SPECIAL CONSIDERATION.

7. THE DIRECTORATE GENERAL FOR INDUSTRY HAS BEEN PARTICULARLY INTERESTED IN THE INSTITUTE. IT BELIEVES THAT THE INSTITUTE COULD IDENTIFY INDUSTRIAL SECTORS WHICH HAVE THE GREATEST GROWTH POTENTIAL AND THEREBY

HELP DIRECT EC RESOURCES TOWARD THSEE SECTORS.  
INDUSTRY OFFICIALS SAY THAT EC RESOURCES ARE CURRENTLY  
DISPERSED WITH LITTLE ATTENTION TO OVERALL INDUSTRIAL  
POLICY.

8. COMMENT: THE COMMISSION HAS BEEN PROMOTING THE  
IDEA OF AN EC RESEARCH INSTITUTE SINCE 1972. MEMBER  
STAE RELUCTANCE HAS PREVIOUSLY DISCOURAGED A FORMAL  
COMMISSION PROPOSAL. PRESIDENT ORTOLI, HOWEVER, DE-  
CIDED THIS YEAR TO PLACE PRIORITY ON ESTABLISHMENT OF  
THIS NEW INSTITUTION BECAUSE IT WOULD HELP STRENGTHEN  
EC INTEGRATION (SEE REFTELS). SEVERAL MEMBER STATES,  
HOWEVER, CONTINUE TO BE AGAINST THE PROPOSAL IN PART  
BECAUSE OF THE BUDGETARY COSTS BUT ALSO BECAUSE THEY  
BELIEVE EXISTING RESEARCH FACILITIES ADEQUATELY MEET  
THE EC NEEDS. COMMISSION OFFICIALS CONCEDE THAT  
PROSPECTS ARE NOT BRIGHT FOR THE SSTABLISHMENT OF THE  
INSTITUTE IN THE FORESEEABLE FUTURE. END COMMENT.

9. COPIES OF THE PROPOSAL ARE BEING SENT TO INTER-  
ESTED WASHINGTON AGENCIES, INCLUDING CLARK IN  
STATE/RPE. GREENWALD

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